

# AGRICULTURAL GROWTH PROGRAM - AGRIBUSINESS AND MARKET DEVELOPMENT (AMDE)

**QUARTERLY REPORT  
OCTOBER 1, 2011 – DECEMBER 31, 2011**

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Submitted by ACDI/VOCA  
To Contract Officer Technical Representative Mr. Tewodros Yeshiwork, USAID Ethiopia

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## Acronym List

AEMFI	Association of Ethiopian Micro Finance Institutions
AGP-AMDe	Agricultural Growth Program – Agribusiness and Market Development
ARARI	Amhara Region Agricultural Research Institute
ASE	Amhara Seed Enterprise
ATA	Agriculture Transformation Agency
CAADP	Comprehensive Africa Agriculture Growth Program
CIG	Common Interest Group
COP	Chief of Party
CQI	Coffee Quality Institute
CSA	Central Statistical Agency
DCOP	Deputy Chief of Party
EAB	Ethiopian Apiculture Board
ECX	Ethiopian Commodity Exchange
EIAR	Ethiopian Institute of Agricultural Research
EPOSPEA	Ethiopian Pulse Oilseed Producers and Exporters Association
FtF	Feed the Future Initiative
GoE	Government of Ethiopia
HARC	Humera Agricultural Research Center
IFDC	International Fertilizer Development Center
IFPRI	International Food Policy Research Institute
JMA	John Mellor & Associates
MoA	Ministry of Agriculture
SOW	Scope of Work
TC	Technical Committee of the AGP Steering Committee
USAID	U.S. Agency for International Development

## AGP-AMDe Quarterly Report

### Executive Summary

Agriculture is crucial to Ethiopia's economy and efforts to reduce poverty. Nearly 90 percent of poor people in Ethiopia rely on agriculture for their livelihoods. Moreover, agriculture accounts for nearly half of national gross domestic product and 90 percent of foreign exchange earnings (World Bank). Fortunately, the potential for agricultural growth in Ethiopia is significant because of abundant water resources, fertile land areas and available labor.

The AGP AMDe program is part of USAID's Feed the Future initiative, which harmonizes regional hunger- and poverty-fighting efforts in countries with chronic food insecurity and insufficient production of staple crops. It also furthers USAID's commitment under the umbrella Agricultural Growth Program to work with the Government of Ethiopia, the World Bank and other donors to strengthen agricultural productivity and markets in the high rainfall areas of Amhara, Oromia, Southern Nations, Nationalities, and People's Region (SNNPR) and Tigray.

Program activities will support the Comprehensive African Agricultural Development Program (CAADP) framework and broader efforts of key African institutions to increase investments in agriculture and promote regional trade and integration.

### Overview

ACDI/VOCA is pleased to present the second quarterly report for the Agricultural Growth Program – Value Chain Expansion (AGP-AMDe) Project, a cost plus fixed fee completion type task order issued by the United States Agency for International Development (USAID). The project is being implemented by prime contractor ACDI/VOCA and its consortium partners. The effective start date of the task order was May 2, 2011 and this quarterly report covers the period from October 1, 2011 through December 31, 2011. At the request of USAID and the AGP Technical Committee, the project's name was changed from Value Chain Expansion (VCE) to Agribusiness and Market Development (AMDe) and will therefore be referred to as AMDe henceforth.

The AGP-AMDe project is part of USAID's commitment to join and leverage the World Bank-led Agricultural Growth Program (AGP) and support an Ethiopian, country-led initiative for agricultural growth emerging from the Comprehensive Africa Agriculture Growth Program (CAADP) process. In Ethiopia, USAID has joined the Government of Ethiopia (GoE), the World Bank (as lead donor), and other donors in developing the AGP, aimed at increasing agricultural growth in high-growth potential, high-rainfall areas of Ethiopia. The AGP consists of three components: (1) agricultural production and commercialization; (2) small scale rural infrastructure development and management; and (3) learning and evaluation.

The main objective of AGP-AMDe is ending poverty and enhancing growth. The goal of the project is to sustainably reduce poverty and hunger by improving the productivity and competitiveness of value chains that offer job and income opportunities for rural households. The project goal aligns with the overarching Feed the Future Initiative (FtF) goal, "to sustainably reduce poverty and hunger."

Working closely with USAID and the GoE-led, multi-donor supported umbrella AGP program, this AGP-AMDe project focuses on four components:

1. Improving the competitiveness of selected value chains
2. Improving access to finance
3. Improving the enabling environment of selected value chains
4. Stimulating upgrades and investment through innovation and demonstration funds.

## Implementation Team

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ACDI/VOCA is the prime contractor and lead organization of the implementation team, and will assume the technical lead on the value chain, financial services components (components 1 and 2 while participating in and overseeing components 3 and 4). We have assembled a consortium with diverse skills and broad experience to deliver results across AGP-AMDe, as follows:

- International Fertilizer Development Center (IFDC), with extensive experience in the development of commercial agro-input systems
- John Mellor & Associates (JMA) to assist with the enabling environment component and provides technical assistance on agriculture policy reform
- Booz Allen to apply USAID's MicroCLIR approach to develop a foundation for a reform roadmap and to capitalize on strategic opportunities for enabling environment
- Danya to provide a strategic communications plan, which will guide AGP-AMDe's use of communication tactics to increase behavior change, adopt technology, facilitate learning, and increase overall project outcomes
- Kimetrica to bring its ki-projects™ platform to strengthen the monitoring and evaluation system
- Coffee Quality Institute (CQI) with targeted technical support to development of the coffee value chain
- Crown Agents to provide demand-driven technical assistance to improve transport and logistical efficiency

## Value Chain Assessments and Rapid Value Chain Survey Report

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The World Bank previously conducted value chain analyses for five high-potential value chains (coffee, honey, maize, wheat and sesame) across the AGP geographic focus areas (83 woredas in 4 regions). During this reporting period, the AGP-AMDe project conducted further assessments of the pre-selected value chains to determine which have the most promising potential for increased investment, productivity, sales, jobs and income. Assessment findings were vetted with AGP counterparts through meetings held with the AGP Regional Stakeholders meetings on October 11th and the AGP Technical Committee on October 14th. The value chains were selected based on criteria including:

- market potential
- productivity and income potential for small farmers
- balance between commodities (e.g., a mix of rain fed and irrigated commodities, staple and cash commodities)
- availability of resources for the commodity
- gender implications

During the first 3 weeks of October, the AMDe team continued field value chain assessments, held AGP regional meetings with value chain assessment teams, conducted interviews with identified key actors in the value chains and completed the work plan with specific activities to capitalize on opportunities in the value chains. ACDI/VOCA subcontractors IFDC, CQI and JMA collaboratively participated in these assessments.

Following the four AGP Regional Stakeholder meetings and the national AGP Technical Committee meeting where the AMDe team will vet proposed strategies and interventions, the ACDI/VOCA team completed the following:

- Comprehensive and detailed work plan with specific actions, timelines, assigned roles and responsibilities on Oct. 31, 2011 and revised work plan on December 16th, 2011.

- Continued the hiring of long term staff based on the value chains and project interventions selected
- Initiated the development of partnering with local implementers and planning for immediate, low-risk, high result interventions in collaboration with implementing partners

ACDI/VOCA submitted a Rapid Value Chain Survey document on December 15th which summarized the key opportunities and constraints and end market data while also including recommendations of interventions for each of the six value chains (wheat, maize, coffee, sesame, honey and beans/pulses).

## Specific Value Chain Activities

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The AMDe Team presented its planned interventions for the six value chains to the GoE, local organizations, NGO's, private institutions, cooperatives, unions and agro processors to not only to vet findings of the value chain assessments but to also gain buy-in and interest for AGP-AMDe planned activities. The AMDe team also discussed potential partnerships with various institutions and determined possible areas of leveraging and collaboration while at the same time gathering data for the work plan. More specific data is found below by value chain.

### *Wheat Value Chain*

The wheat value chain assessments were conducted in the Oromia Region, Amhara Region and SNNP Region. The AMDe team met with EIAR in discussion of preparing a MoU for the purpose of the AMDe project to assist the EIAR in improved seed development and multiplication of pre basic and basic seeds. Additionally, the team hosted a technical meeting with Morrell Agriculture to determine potential collaboration in the multiplication and distribution of drought tolerant wheat varieties which Morrell has introduced and tested in Ethiopia. The varieties Morrell has introduced have some potential in some of the wheat producing woredas within AGP and are typically very high in protein which is advantageous for wheat millers to blend with lower quality wheat. Value chain assessment discussions were held with the ATA to determine the cooperative strategy between ATA and AMDe. AMDe value chain specialists participated in ATA's value chain presentations for wheat and maize which confirmed consistency with AMDe workplan. The team visited Ethio California Food Complex and Guder Agro Processing Industry which are buying local wheat and maize for flour and biscuits and were identified as possible private sector collaborators with linkages to producer groups. Meetings were also held with GrainPro to discuss storage facilities and with the International Center for Wheat and Maize Research on improved seed production.

### *Maize Value Chain*

Many of the wheat value chain work dovetails with the maize value chain work described above however there was some additional advancement in the maize value chain. The AMDe team reviewed private sector seed multipliers who are certified by the MoA which can collaborate with the project to increase seed availability in the maize value chain. Anno Agro Industry PLC was identified as a potential partner in basic seed multiplication and their capacity to produce certified seed.

At the cooperative level, certified seed multiplication is already practiced however scaling up of such practices is pertinent to increase certified seed multiplication in Ethiopia. The Buno Bedele Federal Cooperative Union, the main supplier of maize in the Oromia region, was identified as a potential partner who is prepared to deliver certified seed in the coming season for sale to its members and to develop demonstrations of the latest varieties at the primary cooperative level.

The AMDe team also analyzed the importance of agricultural research institutions to work on different breeds for different regions such as high land, mid and low land. During the last crop season, 143,000 quintals of hybrid maize seeds were not sold and the AMDe project intends to not only assist in the promotion of the hybrid seeds but also support the agricultural research institutions in Ambo, Bako and Worer to deliver breeder and pre basic seeds.

Lastly, the AMDe team intends to assist animal feed plants in developing forward contracts and market linkages with maize producer groups, unions and cooperatives that are able to meet the feed plant demands.

### *Coffee Value Chain*

Various stakeholder meetings were conducted to begin the implementation process of the work plan including meeting with Ethiopian coffee producers and exporters associations, coffee farmers, cooperative unions in Oromiya, Sidama and Virgacheffe. The primary coffee value chain work for this quarter was to plan the Jimma Research and Development conference in January 2012, the International Naturals Competition and the East African Fine Coffee Association (EAFCA) Conference and the affiliated Taste of Harvest competition which are both held in February. AMDe will be involved in the facilitation of international and regional sample collections for the competition.

More specific discussions were held with the Jimma Research and Development which included the establishment of coffee nursery by common interest groups (CIGs), determining the modalities for linking extension and research initiatives for coffee and enabling producers to access vital production information and techniques. A broader and comprehensive agenda will be developed at the conference in February.

Additionally, the AMDe team organized and facilitated the Ethiopian EAFCA chapter committee of which one AMDe/CQI staff is serving as national secretary. Additional planning for the International Naturals Competition included coffee standards review as well as planning and preparation for the upcoming Q graders training and laboratory calibration.

### *Sesame Value Chain*

The sesame value chain assessments were conducted in Tigray and Amara regions, specifically Dansha Aurora and Setit Humera. Cooperatives, privately owned processors and traders were interviewed to determine the constraints and opportunities which could be addressed through AMDe assistance. Commercial farmers were identified and interviewed concerning production issues and opportunities as well as issues related sesame seed production. The following meetings were held and topics discussed:

- The Tigray Multipurpose Cooperative Federation on the requirements to expand the exports of sesame
- The Humera Agricultural Research Center on breeder and pre-basic and basic seed as well as determination of the needs for multiplication and distribution of certified seed which can reach the smallholder producers in the region as well as on how to facilitate its activities on capacity building , technical and equipment support, experience share and introduction of new farm technologies and new leguminous crops for crop rotation
- Hiwot Mechanization, a big commercial farm with equipped
- Meetings with the woreda and kebele governmental level in Amhara and Tigray to discuss AMDe's work plan and partnership
- Amhara Region Agricultural Research Institute (ARARI) on sesame seed adaptation trails and certified seed multiplication and linkage with ASE
- Amhara Seed Enterprise (ASE) on certified seed multiplication activities and program and our partnership for the final distribution to the small hold farmers and linkage with ARARI
- Agricultural Equipment and Technical Services S .Co, Meset Consult plc and Agro Consult plc on the new row planter, cultivator and harvester to develop them at HARC and Hiwot mechanization.
- Woreda Women, Youth and Children's Affairs offices on how to work as a partner to promote the participation their members in the VC activities
- Sesame seed import permit formalities were discussed with the Ethiopian Institute of Agricultural Research (EIAR) and the MoA
- Ethiopian Pulse Oilseed Producers and Exporters Association (EPOSPEA) on international conference and needs assessment
- Tigray Multipurpose Marketing Federation LTD, Cooperative introducing AGP-AMDe and needs assessment



- Meeting PF International of USA, trader of sesame, beans and pulses, on linkage with new markets in Europe and Far East for exporters of sesame in Ethiopia with a potential to assist in market and quality development
- Meeting with Meset Consult, Plc, a small firm which provides technical assistance for producers of sesame, on increasing mechanization to address the lack and high cost of labor in Tigray.

### *Honey Value Chain*

The AMDe Honey Value Chain Specialist, together with the Grants Manager, worked with AGP-AMDe program staff at regional level to identify key honey value chain stakeholders, such as the Ethiopian Apiculture Board, appropriate government partners, and private operators at the regional level. During the quarter, travel was made to all four AGP regions to meet with major stakeholders and partners for honey such as private institutions, unions, coops and public sector actors. The Honey Value Chain Specialist focused on packaging practices, illegal trade and adulteration of honey which led to identifying areas of improvement for packaging. Several meetings were held with the Ethiopian Apiculture Board (EAB) to review short and long term strategies and consideration to develop a proposal on the renewal of the EU accreditation for the third countries listing of Ethiopia to export honey to the EU member countries.

Additionally, the team began planning for the ApiExpo Africa 2012 in collaboration with EAB to determination of AMDe involvement and support. AGP-AMDe will be chairing the ApiTrade Africa's ApiExpo Africa 2012 to be held in Addis and guided by H.E minister of MoA. AGP-AMDe facilitated/chaired six planning meetings in the last three months alone from October to December 2012. Discussions were held with Winrock's FtF program on engaging volunteers to assist in various aspects of honey production, processing and marketing within the AGP context. A proposal was developed and submitted to AGP-AMDe on BioFach participation and multi-stakeholder platform (MSP) meeting in Addis.

### *Chick Peas and Pulses Value Chain*

The AGP-ADMe team participated in strategic planning sessions with USAID, Pepsico, Omega Farms and the World Food Program to develop a long term plan for chickpea production and market development. AMDe's role is being defined to assist in the expansion of the seed production, linking cooperatives with Pepsico and other buyers through forward contracts as well as the introduction of pre and post harvest technologies. A meeting was held with PF International, a US based trader and supplier of pulses, oilseeds worldwide, to discuss AMDe is considering bringing PF representatives to Ethiopia for establishment of buyer contacts, quality training and recommendations for technology adoption. A meeting with IMCO Agro Industries discussed the potential for AMDe to assist IMCO to find rotational and alternative crop production for his seed growers, including possibilities for chickpea seed production. A linkage to Pepsi has been established. A MOU has been drafted by USAID for inclusion of the key partners (mentioned above) of this PPP, which includes some government collaboration via the ATA.

## **Additional Activities**

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### *Access to Finance*

The AMDe team held a meeting with the Association of Ethiopian Micro Finance Institutions (AEMFI) to identify potential collaboration on conducting trainings to MFI professionals, produce new financial products and provide technical assistance for MFI trainings and financial product development that MFI's lack. The team held many discussions with the Development Credit Association (DCA) and potential banks were identified. The DCA collateral system and agricultural leasing was discussed.

Field assessment was conducted in Tigray Region concerning rural finance service provision systems and capacities. Survey tools were prepared and designed to identify not only available value chain financial products but also demand for new value chain finance products. A SACCO due diligence tool was prepared to review the overall performance of the SACCO as rural financial service providers in AMDe project area and to identify major challenges and opportunities.



The AMDe team held a Meeting with Zemen Bank, a participant in the USAID supported Development Credit Authority bank guarantee program primarily for the support of its equipment leasing program. Zemen Bank is seeking business opportunities with agriculture firms, producers and cooperatives on equipment and mechanization for processing and production. AMDe agreed to assist in linkages to clients in need of this type of financing that are within the 5-6 value chains. A meeting was held with the Association of Ethiopian MicroFinance Institutions on AMDe's strategy and value chains, and the need for technical training for MFI's in agriculture and agribusiness lending. AMDe requested the institution to submit their capabilities and concepts for support to deliver the technical services necessary for the AGP program.

### *M&E/Baseline*

The ACDI/VOCA HQ Senior M&E Director worked closely with subcontractors Kimetrica and Danya to prepare the baseline survey and develop the household and institutional questionnaires taking into consideration the survey work being completed by IFPRI and the CSA. In order for the AGP-AMDe baseline survey team to not duplicate work already completed, a confirmation letter is needed, with support from USAID, to state that the AGP baseline data will be shared with the project in order for the project to include baseline and indicator amounts moving forward throughout the project.

### *Policy*

John Mellor began his initial work on a Competitiveness Constraints Analysis for fertilizer, seed, technologies, gender, nutrition and HIV/AIDS. Discussions were held with BAH this quarter to discuss their implementation of the MicroCLIR analysis.

### *Gender*

John Mellor Associates prepared the gender consultation logistics and programming in collaboration with home office HQ and field Gender Specialists. The event is to be held in late January. Additionally, the AMDe team met with several value chain actors which have the potential to impact gender amongst the six value chains in all four AGP regions including but not limited to the Ethiopian Coffee Exporters Association, Zibad Export and Import Plc (woman owned firm), Anbessa Coffee Processor and Exporter PLC, Ethiopian Grain Market Enterprises, Showa Bakery PLC, DHGeda Flour Mill, the Ethiopian Women's Entrepreneurs Association, the Regional Bureau of Women, Youth and Children Affairs, Tigray Women Association, the Relief Society of Tigray and the Tigray Women Entrepreneurs Association.

### *Other Items*

The AGP-AMDe project signed a fixed price labor-only purchase order with Dalberg in order for them to develop an analysis and report of the Public-Private Partnership investment framework in Ethiopia.

Chief of Party, Tim Durgan, has continued to hold meetings with USAID Ethiopia, AGP, Agricultural Transformation Agency (ATA), Ethiopian Commodity Exchange (ECX) and the Ministry of Agriculture.

### *Administration and Planning*

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The AGP-AMDe team has continued to make progress since the inception of the project on May 2, 2011 and will continue its efforts to ramp up in the coming quarter. Key personnel and consultants were recruited to conduct the value chain assessments, and some services were provided by independent contractors.

The AGP-AMDe Addis Ababa office officially opened on October 1, 2011. Additionally, Chief of Party (COP) Tim Durgan solidified and signed leases for office spaces in Hawassa, Mekele and Bahar Dar. The AMDe project intends to use the majority of the vehicles and the office furnishings handed over by Fintrac at the regional offices sites and procurements and distribution of office furniture has begun not only in Addis but the regional offices as well. The team also submitted a vehicle use and distribution plan to USAID on December 15<sup>th</sup> and has begun preparation to procure the six vehicles approved in the non-expendable list in the task order.

Recruitment of key value chain specialists, senior gender specialist, rural finance staff and other support staff such as grants officers continued and many have been submitted to USAID for approval and/or approved by USAID during this quarter. Additional candidates have been interviewed and short-listed for key positions in all regions. Through our standard recruitment process, new candidates will be reviewed and interviewed by the COP/DCOP for final selection. The AGP-AMDe management team intends to complete the remainder of recruitment within the next reporting period.

## Quarterly Budget

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**Contractor Name** ACDI/VOCA  
**Country of implementation:** Ethiopia  
**Contract and Task #:** Prime Contract: AID-623-I-10-00001

Line Item	Total Budget	Previous Costs	Current Quarter (Oct - Dec 2011)	Total Costs Inception to Date	Remaining Funds
Salaries and Wages and Fringe Benefits	\$ 8,608,234	\$ 207,348	\$ 252,655	\$ 460,003	\$ 8,148,231
Subcontracts	\$ 17,103,982	\$ 28,677	\$ 183,296	\$ 211,973	\$ 16,892,009
Sub-grants	\$ 14,200,000	\$ -	\$ -	\$ -	\$ 14,200,000
Other Direct Costs	\$ 3,788,536	\$ 187,380	\$ 219,099	\$ 406,479	\$ 3,382,057
Indirect Costs	\$ 4,214,901	\$ 134,208	\$ 160,494	\$ 294,701	\$ 3,920,200
<b>Total Estimated Cost (1 to 5)</b>	<b>\$ 47,915,653</b>	<b>\$ 557,613</b>	<b>\$ 815,543</b>	<b>\$ 1,373,157</b>	<b>\$ 46,542,496</b>
Earned Fixed Fee (up to the ceiling amount)	\$ 1,969,783	\$ 27,881	\$ 40,777	\$ 68,658	\$1,901,125
<b>Total Estimated Cost plus Fee (6+7)</b>	<b>\$ 49,885,436</b>	<b>\$ 585,494</b>	<b>\$ 856,321</b>	<b>\$ 1,441,815</b>	<b>\$ 48,443,621</b>